

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

THE APPLICATION OF FANCY FARM SEWER)	
DISTRICT FOR A RATE ADJUSTMENT PURSUANT)	CASE NO. 96-263
TO THE ALTERNATIVE RATE FILING PROCEDURE)	
FOR SMALL UTILITIES)	

O R D E R

On June 6, 1996, Fancy Farm Sewer District ("Fancy Farm") filed an application with the Public Service Commission seeking to increase its sewer rates pursuant to 807 KAR 5:076, the Alternative Rate Filing Procedure for Small Utilities. The proposed rates would generate approximately \$38,693 annually in additional revenues, an increase of 58.8 percent over normalized test-year revenues of \$65,772.

On March 28 and 29, 1996, Commission Staff conducted a limited financial review of Fancy Farm's operations for the test period, calendar year 1994.¹ Based upon this review, Commission Staff issued a report on September 23, 1996, recommending that Fancy Farm be authorized to increase its annual operating revenues by \$37,687.

By Order dated September 23, 1996, the Commission advised Fancy Farm that comments on the Staff Report or requests for a public hearing must be submitted no later than October 8, 1996, or the case would be submitted to the Commission for a decision. No comments or requests for a hearing have been filed.

¹ Since Fancy Farm requested and received Staff assistance in preparing its application, the field review was done prior to the filing of the application.

The Commission, after consideration of the evidence of record and being sufficiently advised, finds that:

1. The recommendations and findings contained in the Staff Report are supported by the evidence of record, are reasonable, and are hereby adopted as the findings of the Commission in this proceeding and are incorporated by reference as if fully set out herein.

2. The rates in Appendix A, which is attached hereto and incorporated herein, are the fair, just, and reasonable rates for Fancy Farm and will produce gross annual sewer revenues of \$103,459. These rates will allow Fancy Farm sufficient revenues to meet its operating expenses.

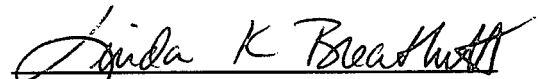
IT IS THEREFORE ORDERED that:


1. The rates in Appendix A are approved for service rendered by Fancy Farm on and after the date of this Order.

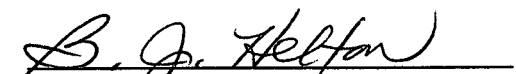
2. Within 30 days of the date of this Order, Fancy Farm shall file with the Commission its revised tariff setting out the rates approved herein in conformance with 807 KAR 5:011.

Done at Frankfort, Kentucky, this 31st day of October, 1996.

PUBLIC SERVICE COMMISSION


Chairman


Vice Chairman


Commissioner

ATTEST:


Executive Director

APPENDIX A

APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE COMMISSION IN CASE NO. 96-263 DATED OCTOBER 31, 1996

The following rates and charges are prescribed for the customers in the area served by Fancy Farm Sewer District. All other rates and charges not specifically mentioned herein shall remain the same as those in effect under authority of this Commission prior to the effective date of this Order.

Monthly Rates:

Residential	\$35.34
Residential with a Grinder Pump	34.34
Fancy Farm School	35.34 per residential equivalent ¹

¹ A residential equivalent is defined as 12,000 gallons or fraction thereof. A fraction shall not be rounded to the next whole number. (Monthly usage of 27,000 gallons equals 2.25 residential equivalents.)